

# Senate File 2026 - Introduced

SENATE FILE \_\_\_\_\_  
BY KETTERING

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act increasing the amount and extending the availability of  
2 the child and dependent care and early childhood development  
3 tax credits and including a retroactive applicability date  
4 provision.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 5567XS 82  
7 mg/sc/5

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1 1 Section 1. Section 422.12C, subsection 1, Code 2007, is  
2 amended to read as follows:  
3 1. The taxes imposed under this division, less the amounts  
4 of nonrefundable credits allowed under this division, shall be  
5 reduced by a child and dependent care credit equal to the  
6 following percentages of the federal child and dependent care  
7 credit provided in section 21 of the Internal Revenue Code:  
8 a. For a taxpayer with net income of less than ten  
9 thousand dollars, ~~seventy-five~~ one hundred percent.  
10 b. For a taxpayer with net income of ten thousand dollars  
11 or more but less than twenty thousand dollars, ~~sixty-five~~  
12 seventy-five percent.  
13 c. For a taxpayer with net income of twenty thousand  
14 dollars or more but less than ~~twenty-five~~ thirty thousand  
15 dollars, ~~fifty-five~~ sixty-five percent.  
16 d. For a taxpayer with net income of ~~twenty-five~~ thirty  
17 thousand dollars or more but less than ~~thirty-five~~ forty  
18 thousand dollars, ~~fifty~~ fifty-five percent.  
19 e. For a taxpayer with net income of ~~thirty-five~~ forty  
20 thousand dollars or more but less than ~~forty~~ fifty thousand  
21 dollars, ~~forty~~ fifty percent.  
22 f. For a taxpayer with net income of ~~forty~~ fifty thousand  
23 dollars or more but less than ~~forty-five~~ sixty thousand  
24 dollars, ~~thirty~~ forty percent.  
25 g. For a taxpayer with net income of ~~forty-five~~ sixty  
26 thousand dollars or more, ~~zero~~ but less than eighty thousand  
27 dollars, thirty percent.  
28 h. For a taxpayer with net income of eighty thousand  
29 dollars or more, zero percent.

1 30 Sec. 2. Section 422.12C, subsection 2, unnumbered  
1 31 paragraph 1, Code 2007, is amended to read as follows:  
1 32 The taxes imposed under this division, less the amounts of  
1 33 nonrefundable credits allowed under this division, may be  
1 34 reduced by an early childhood development tax credit equal to  
1 35 twenty-five percent of the first one thousand dollars which  
2 1 the taxpayer has paid to others for each dependent, as defined  
2 2 in the Internal Revenue Code, ages three through five for  
2 3 early childhood development expenses. In determining the  
2 4 amount of early childhood development expenses for the tax  
2 5 year beginning in the 2006 calendar year only, such expenses  
2 6 paid during November and December of the previous tax year  
2 7 shall be considered paid in the tax year for which the tax  
2 8 credit is claimed. This credit is available to a taxpayer  
2 9 whose net income is less than ~~forty-five~~ eighty thousand  
2 10 dollars. If the early childhood development tax credit is  
2 11 claimed for a tax year, the taxpayer and the taxpayer's spouse  
2 12 shall not claim the child and dependent care credit under  
2 13 subsection 1. As used in this subsection, "early childhood  
2 14 development expenses" means services provided to the dependent  
2 15 by a preschool, as defined in section 237A.1, materials, and  
2 16 other activities as follows:  
2 17 Sec. 3. RETROACTIVE APPLICABILITY DATE. This Act applies  
2 18 retroactively to January 1, 2008, for tax years beginning on

2 19 or after that date.

2 20 EXPLANATION

2 21 This bill extends the availability of the child and  
2 22 dependent care tax credit and the early childhood development  
2 23 tax credit to taxpayers with net incomes of less than \$80,000.  
2 24 Currently, the credits are available to taxpayers with net  
2 25 incomes of less than \$45,000.

2 26 The bill also changes the schedule for determining the  
2 27 amount of the child and dependent care tax credit. The credit  
2 28 is equal to a percent of the federal child and dependent care  
2 29 tax credit as follows:

<u>Net Income Between</u>	<u>Percentage</u>
2 31 0 == \$10,000	75
2 32 \$10,000 == \$20,000	65
2 33 \$20,000 == \$25,000	55
2 34 \$25,000 == \$35,000	50
2 35 \$35,000 == \$40,000	40
3 1 \$40,000 == \$45,000	30
3 2 \$45,000 or more	0

3 3 The bill provides a new schedule as follows:

<u>Net Income Between</u>	<u>Percentage</u>
3 5 0 == \$10,000	100
3 6 \$10,000 == \$20,000	75
3 7 \$20,000 == \$30,000	65
3 8 \$30,000 == \$40,000	55
3 9 \$40,000 == \$50,000	50
3 10 \$50,000 == \$60,000	40
3 11 \$60,000 == \$80,000	30
3 12 \$80,000 or more	0

3 13 The bill applies retroactively to January 1, 2008, for tax  
3 14 years beginning on or after that date.

3 15 LSB 5567XS 82

3 16 mg/sc/5.1